

Message Text

SECRET

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41

ACTION SS-30

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC IMMEDIATE 0268

AMCONSUL JERUSALEM IMMEDIATE

INFO AMEMBASSY ABU DHABI

AMCONSUL DHAHRAN

AMEMBASSY JIDDA IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

USMISSION OECD PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TEL AVIV

S E C R E T KUWAIT 3013

EXDIS

JERUSALEM FOR SECRETARY SIMON

EO 11652: GDS

TAGS: ENRG, KU

SUBJ: KUWAIT BUY-BACK NEGOTIATIONS

REF: A) STATE 152968; B) LONDON 8872; C) KUWAIT 2050

1. WE INFORMED THAT GULF AND BP HAVE GIVEN GOK THEIR AGREEMENT ON PRICE FOR FIRST NINE MONTHS 1974 ON BASIS KUWAIT'S "FINAL OFFER" AS GIVEN REF C. THIS IS, JANUARY THROUGH MAY, \$10.85, 94 PERCENT POSTED PRICE; JUNE THROUGH SEPTEMBER, \$10.95, 94.8 POSTED PRICE.

2. CREDIT TERMS REMAIN OUTSTANDING ISSUE, WITH GOK STILL PRESSING FOR PAYMENT ONE MONTH AFTER LIFTING, AND COMPANIES HOLDING OUT FOR QUARTERLY PAYMENT ONE MONTH IN ARREARS - IN EFFECT PAYMENT AVERAGING 75 DAYS AFTER LIFTING. THIS IS IMPORTANT ISSUE, SINCE COMPANY ESTIMATES EVERY MONTH IS WORTH APPROXIMATELY TEN CENTS

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PER BARREL. THUS THE GAINING OF EXTRA 45 DAYS WOULD BE WORTH

APPROXIMATELY 15 CENTS PER BARREL, REDUCING EFFECTIVE COST OF FIRST FIVE MONTHS TO 92.7 PERCENT POSTED PRICE AND SECOND FOUR MONTHS TO 93.5 PERCENT POSTED PRICE. COMPANY BELIEVE THAT ATIQUI, HAVING WON THE PRICE BATTLE, MIGHT BE INCLINED COMPROMISE ON CREDIT ISSUE.

3. AGREEMENT WILL COVER ALL OF COMAPNY LIFTINGS OF PARTICIPATION CRUDE FOR FIRST HALF AND 700,000 BPD (350,000 EACH FOR GULF AND BP) FOR THIRD QUARTER. WE UNDERSTAND REMAINING PARTICIPATION CRUDE (APPROX 525,000 BPD) HAS BEEN SOLD AT 95 PERCENT POSTED PRICE, EITHER ALL OR MOST OF IT GOING TO JAPANESE. IN THIS CONNECTION, WE UNDERSTAND MITI SPECIFICALLY GAVE JAPANESE FIRMS PERMISSION TO GO TO 95 PERCENT BUT NO HIGHER.
STOLTZFUS

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Message Attributes

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